

The Road to Economic Recovery

America is in need of a new direction regarding the financial crisis and road to economic recovery. A failure to provide adequate regulatory protections against market misbehavior is the overwhelming cause of the crisis. The result has been millions of home foreclosures across America that have crippled the financial system and triggered a potentially deep and protracted recession.

The effects of the current crisis can be felt at every level, in nearly every community across America. Resolving the crisis now requires interventions including but not limited to foreclosure mitigation, employment and a range of social services and supports.

Putting the country on a sound financial path is essential to creating a balanced and sustainable economy that serves the needs of all Americans. The immediate steps necessary include the following:

Contain the current foreclosure crisis and enhance consumer protections.

- Require the US Treasury Department to pursue a meaningful broad-scale loan modification program that would make loans entering foreclosure affordable in the long-term.
- Reform the bankruptcy code to allow for the modification of debt on a primary residence. This would allow up to 600,000 families to avoid foreclosure at no cost to the taxpayer.
- Enact tenant protections to ensure that renters do not lose their residence because of foreclosure proceedings against their landlord.
- Enhance spending on rental housing, particularly for low-income families, to avoid an increase in homelessness.

- Purge the unfair and deceptive or otherwise predatory lending practices that led to the current crisis. This would help avoid a future financial crisis and restore integrity to the housing finance market.

Promote infrastructure projects that create jobs and vibrant communities

- Invest in the nations deteriorating and under maintained infrastructure as the key approach to expanding employment.
- Promote neighborhood stabilization by investing in areas that have the greatest employment needs and have been most heavily damaged by the foreclosure crisis.
- Leverage infrastructure spending, where possible, to promote long-term employment through strategic investments in clean energy technologies and related environmental jobs. This should include vigorous job training and skills retooling.

Provide targeted financial assistance

- Approve a temporary increase in food stamp benefits (Supplemental Food Assistance Program) to help immediately those hardest hit by the economic recession.
- Make funds available to state governments to support needed social services. Forty-three states face budget shortfalls. Most of those states closed the gap by through decreases in funding for public health, education, and programs for elderly individuals and those with disabilities.

